

Long-term care hospital services: Assessing payment adequacy and updating payments

ISSUE: Are payments for long-term care hospitals (LTCHs) adequate? How should payments for rate year 2007 be updated?

KEY POINTS: This analytical cycle is our first assessment of adequacy and recommendation for updating LTCH payments. We examine six factors to determine whether payments for LTCHs in rate year 2006 are adequate:

- access to care
- supply of facilities
- volume of services
- quality
- access to capital
- payments and costs

We then examine how LTCHs' costs are likely to change in 2007 and present a draft recommendation.

ACTION: Commissioners should discuss the draft recommendation.

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